

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **November 11, 2003**

AGENDA ITEM NO.: 3

CONSENT: **X**

REGULAR:

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Business License Tax Refund**

RECOMMENDATION:

Approve a refund request for overpayment of business license tax by Hill City Wholesale Company Inc. for calendar years 2001 and 2002. The amount of the refund is \$9,013 with funds to be appropriated from the General Fund Reserve for Contingencies. This amount includes \$7,482.67 tax and \$1,530.33 interest. Direct \$5,535 (\$4,100.22 tax and \$1,434.78 interest) to the City of Lynchburg for an unpaid additional business license tax for calendar year 2000 and \$3,478.00 to Hill City Wholesale Company, Inc.

SUMMARY:

City of Lynchburg Tax Code §36-126.8 excludes from gross purchases taxes paid to the federal government. Hill City Wholesale Company, Inc. included the amount of federal excise taxes paid on cigarettes purchased for years 2001 and 2002. They have asked that the business license tax paid on those amounts be refunded. In addition, Code of Virginia §58.1-3916 requires interest to be paid on this overpayment.

During the review of this refund request, it was discovered that Hill City Wholesale Company, Inc. underreported gross purchases for calendar year 2000. Consequently, Hill City Wholesale Company, Inc. has been billed \$5,534.74 (\$4,100.22 tax and \$1,434.78 interest) for the omission.

PRIOR ACTION(S): Finance Committee, November 4, 2003

FISCAL IMPACT:

\$9,013 from the FY 2004 General Fund Reserve for Contingencies.

This change will result in an average annual revenue loss of \$ 4,000 for FY 2004 forward.

CONTACT(S):

Mitch Nuckles, Commissioner of the Revenue
847-1594

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

Resolution

BE IT RESOLVED that \$9,013 is hereby appropriated from the General Fund Reserve for Contingencies to refund to Hill City Wholesale Company, Inc. for overpayment of business licenses taxes for 2001 and 2002, and;

BE IT FURTHER RESOLVED that \$5,538 of the refund is applied to Hill City Wholesale Company , Inc.'s underreported 2000 license.

Introduced:

Adopted:

Certified:

Clerk of Council

189L